

A-GRAM



AIR FORCE CIVIL ENGINEER SUPPORT AGENCY

99-28

JUNE 1999

OBTAINING A SPECIAL PURPOSE VEHICLE LEASE WITH OPTION TO BUY

BACKGROUND:

This supersedes A-Gram 96-70, dated September 1996.

Lease with option to buy (LWOB) is a seldom-used but effective means of back-filling essential vehicles. Understanding the funding and specific processes involved in an LWOB and adhering to the flowchart below will enable vehicle control officers (VCO) to use this program successfully.

Air Force Instruction 24-301, 25 July 1994, states: "Lease with the option to buy is an accepted method of entering into long-term vehicle leases per the Federal Acquisition Regulation (FAR), Sections 7.401, 7.402, and 17.201. WR-ALC/LE [Vehicle Management Directorate] must approve all leases with the option to buy clause. In a lease with the option to buy contract, the cumulative lease costs and the cost to exercise the purchase option must not exceed the purchase cost unless fully justified in writing. Execute leases with O&M funds but do not procure vehicles with these appropriations. If approved for purchase, HQ USAF/ILSR [Vehicle Equipment Section] will send BP8200 (3080) investment funds through channels to the base."

FUNDING:

Use O&M funds to initiate the lease and make each lease payment. However, you *cannot* buy vehicles with O&M funds because vehicles are provided for by Appropriation 3080 (Budget Program BP8200 funds). The final buy out of the leased asset *must* be made with 3080 funds provided by HQ USAF/ILSR.

PROCESSES:

Request, by letter, WR-ALC/LE's approval *before* entering into an LWOB. WR-ALC may be able to satisfy your requirement with an asset or may have the funds to buy without a lease.

With WR-ALC's approval to proceed and your minimum requirements identified in writing (commercial literature appropriate for support of written requirement), have base contracting, with Transportation Fleet Management's coordination, write a draft LWOB contract. This contract must include a buy-out schedule and indicate the type, model year, and all performance capabilities required of the asset to be leased. Send letter of request to the base Transportation Fleet Management Office with draft contract attached for LWOB action.

Once the LWOB is executed, the CE vehicle manager should send a letter to vehicle operations requesting buy-out (with the contract and buy-out schedule attached). Vehicle operations should indorse the letter and send it to the command LGTV. The command LGTV indorses and forwards it to WR-ALC and waits for buy-out. After 30 days, the MAJCOM CE OPR follows up and requests status. This highlights the request and ensures that it actually arrived at WR-ALC. The buy-out option is only exercised when HQ USAF/ILSR provides the buy-out funds to the base. MAJCOMs have a much better chance of having the lease bought out if

they provide a dollar offset from within their Priority Buy non-award due-ins. With a valid offset, buy-out dollars are usually provided quickly. Without a valid offset, buy-out dollars may never be provided, causing the lease to continue until the requirement no longer exists.

PRECAUTIONS:

This process should not be used to rent for peak workloads or for short-term rentals (the definition of a short-term lease is 12 months or less).

The requesting civil engineer squadron *must have the funds* to enter into the lease and continue the lease until buy-out is authorized.

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